

February 22, 2013

To: Executive Board

Subject: **January Financial Statements and Investment Summary**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the seventh month of the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$68.8 million is \$2.7 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in amounts due from governmental agencies of \$2.4 million and a decrease in accounts payable of \$1.0 million. Sources of cash include \$800,000 of excess operating grants.

January 2013 fare revenues were \$1.42 million, which is \$118,075 or 7.68 percent less than the monthly budgeted amount and \$166,122 less than the previous month. While Revenues are less than the amounts budgeted and previous month, the year to date monthly average is slightly above (0.16 percent) the previous year's monthly average. In part, the variation can be attributed to the timing of receipt of various fare revenues, such as the county-wide EZ pass. Overall, this is a continuation of the trend established in the prior fiscal year; revenues are neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through January were \$36.63 million, which is \$4.0 million less than the budget. These costs are \$968,000 or 2.7 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as of January 31, 2013 shows total assets at \$227.4 million. This total consists primarily of \$149.8 million in fixed assets and \$68.8 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$19.3 million in non-interest bearing accounts

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held with Bank of the West; \$25.4 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

### Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of January 2013 was 0.300 percent; slightly less than the previous month's rate of 0.326 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

### Liabilities

The accounts payable balance is \$6.6 million. The amounts payable include contractor costs for December and January of \$3.9 million, fuel costs of \$699,000; Monrovia Dial-A-Ride service of \$55,000 and \$120,600 due Metro.

### **Operating Revenue and Expense Analysis** (Attachment C):

#### Fare Revenue

January 2013 fare revenues were \$1.42 million. As previously stated, the January revenues are \$166,122 less than the previous month. The reduction in fare revenue is partially attributed to the reduced holiday service. The year-to-date revenue amounts are tracking very closely with the budget: 0.41 percent more than the budget, and \$111,207 or 1.0 percent more than the previous year. The year to date monthly average revenue is 0.16 percent more than the previous fiscal year average.

Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$42.9 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 4.2 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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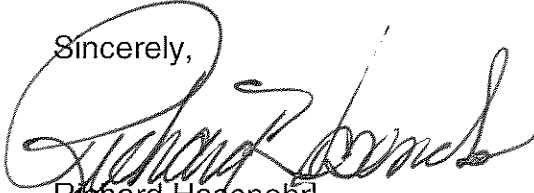
## Expenses

Year-to-date operating expenses through January 2013 were \$36.6 million, compared with the year-to-date budget of \$40.6 million. This difference of approximately \$4.0 million resulted in a 9.91 percent favorable variance. The majority of this favorable variance is the result of \$558,300 in lower than budgeted service costs and fuel cost savings of \$2.7 million with the balance spread over several departments and not attributable to any one account. It should be noted that the January 2013 year-to-date expenses of \$36.6 million are \$968,219 more than the prior fiscal year.

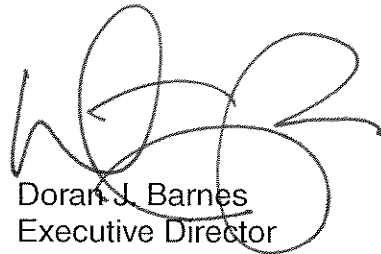
## Farebox Recovery Ratio

The January year-to-date farebox recovery ratio was 28.55 percent; 1.79 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue (less the prior year EZ pass revenue, netting \$10,456,785) by the total operating expense figure of \$36,625,260. This ratio has decreased 0.33 percent from the December 2012 figure of 28.88 percent.

Sincerely,



Richard Hasenohr  
Director of Finance



Doran J. Barnes  
Executive Director

Attachments

**Foothill Transit**  
**Balance Sheet**  
As of January 31, 2013

**Assets****Current Assets:**

|                              |               |
|------------------------------|---------------|
| Cash                         | \$ 44,741,586 |
| Investments                  | 24,066,182    |
| Due from government agencies | 5,796,904     |
| Other receivables            | 2,880,637     |
| Other assets                 | 85,571        |

|                      |                   |
|----------------------|-------------------|
| Total Current Assets | <u>77,570,881</u> |
|----------------------|-------------------|

|  |             |
|--|-------------|
| Property & Equipment (net of depreciation) | 149,856,704 |
|--|-------------|

|              |                              |
|--------------|------------------------------|
| Total Assets | <u><u>\$ 227,427,584</u></u> |
|--------------|------------------------------|

**Liabilities and Equity****Current Liabilities:**

|  |              |
|--|--------------|
| Accounts payable and accrued liabilities | \$ 6,573,560 |
| Current portion of long term debt        | 0            |

|                  |                   |
|------------------|-------------------|
| Deferred Revenue | <u>42,195,454</u> |
|------------------|-------------------|

|                   |                   |
|-------------------|-------------------|
| Total Liabilities | <u>48,769,014</u> |
|-------------------|-------------------|

**Equity**

|               |                    |
|---------------|--------------------|
| Fund Balance: | <u>178,658,571</u> |
|---------------|--------------------|

|              |                    |
|--------------|--------------------|
| Total Equity | <u>178,658,571</u> |
|--------------|--------------------|

|                              |                              |
|------------------------------|------------------------------|
| Total Liabilities and Equity | <u><u>\$ 227,427,584</u></u> |
|------------------------------|------------------------------|

Summary of Cash and  
Investment Account  
For January 31, 2013

|   | Interest | Term             | Principal                | Market                   |
|---|----------|------------------|--------------------------|--------------------------|
| Cash:                                   | Rate     |                  | Amount/Book              | Value                    |
|   |          |                  | Value                    | Value                    |
| Bank of the West-Reg. Checking          | N/A      | Demand Deposit   | 11,919,686               | 11,919,686               |
| Petty Cash                              | N/A      | N/A              | 400                      | 400                      |
| Revolving Fund - Transit Stores         | N/A      | N/A              | 1,500                    | 1,500                    |
| Bank of the West-Excise Tax             | N/A      | Demand Deposit   | 7,374,259                | 7,374,259                |
| Bank of the West-Money Market           | 0.100%   | Demand Deposit   | 7,005,957                | 7,005,957                |
| Bank of the West-Money Market           | 0.050%   | Demand Deposit   | 4,912,812                | 4,912,812                |
| Bank of the West-Money Market           | 0.250%   | Demand Deposit   | 12,544,148               | 12,544,148               |
| Bank of the West-CTAF <sup>s</sup> Fund | 0.100%   | Demand Deposit   | 982,825                  | 982,825                  |
| Bank of the West-Money Market           | 0.250%   | Demand Deposit   |                          |                          |
| Subtotal Cash on Hand                   |          |                  | <u>44,741,586</u>        | <u>44,741,586</u>        |
| Unrestricted Investments:               |          |                  |                          |                          |
| Chase Business Saving                   | 0.200%   | Demand Deposit   | 5,044,361                | 5,044,361                |
| Bank of the West-CDARS                  | Var      | Cert. of Deposit | 4,000,000                | 4,000,000                |
| Wells Fargo-CDARS                       | Var      | Cert. of Deposit | 2,988,000                | 2,988,000                |
| Treasury Bills                          |          |                  | 1,997,978                | 1,997,978                |
| LAIF Investment                         | 0.381%   | Demand Deposit   | 10,035,843               | 10,035,843               |
| Subtotal Unrestricted Investments       |          |                  | <u>24,066,182</u>        | <u>24,066,182</u>        |
| Total Cash and Investments              |          |                  | <u><u>68,807,768</u></u> | <u><u>68,807,768</u></u> |

## Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

**Foothill Transit**  
**Statement of Revenue and Expense**  
For Month Ended January 31, 2013

|  | Actual<br>Jan -13   | Budget<br>Jan -13 | Variance<br>Favorable<br>(Unfavorable) | Actual<br>Jan - 12  |
|--|---------------------|-------------------|--|---------------------|
| <b>Operating Revenue</b>                                 |                     |                   |  |                     |
| Farebox  | \$6,445,610         | \$7,315,000       | (11.89%)                               | \$6,590,361         |
| Pass Sales   | 1,808,899           | 1,659,292         | 9.02%                                  | 1,806,569           |
| TAP Cash Purse   | 1,287,804           | 887,950           | 45.03%                                 | 1,164,493           |
| MetroLink & Access Service                               | 253,280             | 16,567            | 1428.85%                               | 29,437              |
| EZ Transit Pass  | 1,011,112           | 883,458           | 14.45%                                 | 1,104,638           |
| <b>Total Operating Revenue</b>                           | <b>10,806,705</b>   | <b>10,762,267</b> | <b>0.41%</b>                           | <b>10,695,498</b>   |
| <b>Non-Operating Revenue</b>                             |                     |                   |  |                     |
| Transportation Development Act                           | 10,174,071          | 10,065,183        | 1.08%                                  | 10,169,572          |
| STA  | 3,383,382           | 2,368,392         | 42.86%                                 | 1,922,466           |
| Prop A 40% Discretionary                                 | 7,598,658           | 7,598,675         | (0.00%)                                | 7,824,959           |
| Prop A 40% BSCP  | 2,378,250           | 2,754,792         | (13.67%)                               | 2,214,793           |
| Prop C BSIP  | 492,582             | 492,567           | 0.00%                                  | 482,261             |
| Prop C Base Restructuring                                | 1,058,013           | 1,057,992         | 0.00%                                  | 1,035,846           |
| Prop C Transit Service Expansion                         | 176,310             | 176,283           | 0.02%                                  | 172,615             |
| Prop A & C Interest                                      |                     |                   |  |                     |
| Transit Security-Operating                               | 413,347             | 415,042           | (0.41%)                                | 360,304             |
| Measure R Operating                                      | 4,600,347           | 4,131,458         | 11.35%                                 | 5,121,284           |
| Excise Tax Credit  |                     |                   |  |                     |
| FTA Sec 5307 Operating                                   |                     |                   |  | 1,311,569           |
| FTA Sec 5307 ARRA  |                     |                   |  |                     |
| CMAQ   |                     |                   |  |                     |
| Gain on Sale of Fixed Assets                             | 320,719             |                   |  |                     |
| Auxiliary Revenue  | 983,659             | 875,000           | 12.42%                                 | 1,096,420           |
| <b>Total Non-Operating Revenue</b>                       | <b>31,579,337</b>   | <b>29,935,384</b> | <b>5.49%</b>                           | <b>31,712,089</b>   |
| <b>Total Revenue</b>                                     | <b>42,386,042</b>   | <b>40,697,651</b> | <b>4.15%</b>                           | <b>42,407,587</b>   |
| <b>Available Capital Funding</b>                         |                     |                   |  |                     |
| Capital Grants   | 6,478,420           |                   |  | 4,454,611           |
| Other  |                     |                   |  |                     |
| <b>Total Revenue and Capital Funding</b>                 | <b>48,864,461</b>   | <b>40,697,651</b> |  | <b>46,862,198</b>   |
| <b>OPERATING EXPENSES</b>                                |                     |                   |  |                     |
| Operations   | 30,914,894          | 33,663,292        | 8.16%                                  | 29,817,014          |
| Marketing and Communications                             | 800,976             | 1,048,775         | 23.63%                                 | 836,477             |
| Information Technology                                   | 834,723             | 936,775           | 10.89%                                 | 932,130             |
| Administration   | 1,015,853           | 1,125,483         | 9.74%                                  | 753,948             |
| Procurement  | 260,846             | 505,633           | 48.41%                                 | 566,589             |
| Sales and Service  | 1,036,720           | 1,077,533         | 3.79%                                  | 1,010,088           |
| Finance  | 710,994             | 760,200           | 6.47%                                  | 714,171             |
| Safety and Security                                      | 330,331             | 551,775           | 40.13%                                 | 383,908             |
| Planning   | 332,624             | 554,867           | 40.05%                                 | 290,293             |
| Building Management                                      | 387,300             | 429,567           | 9.84%                                  | 352,423             |
| <b>Total Operating Expenses</b>                          | <b>36,625,260</b>   | <b>40,653,900</b> | <b>9.91%</b>                           | <b>35,657,041</b>   |
| <b>Capital and Other Expenses</b>                        |                     |                   |  |                     |
| Capital  | 6,650,594           |                   | N/A                                    | 4,471,051           |
| Interest   |                     |                   | N/A                                    |                     |
| Dial-A-Ride  | 366,274             |                   | N/A                                    | 420,265             |
| Special Services   | 165,005             |                   | N/A                                    | 100,078             |
| Other Misc. expense                                      | 7,165               |                   | N/A                                    | 99,694              |
| <b>Total Capital and Other Expenditures</b>              | <b>7,189,039</b>    |                   | <b>N/A</b>                             | <b>5,091,088</b>    |
| <b>Increase (Decrease) of Revenues Over Expenditures</b> | <b>\$ 5,050,163</b> |                   |  | <b>\$ 6,114,069</b> |

**Foothill Transit**  
**Monthly Statistics**  
 September 2012 through January 2013

|                            | September   | October     | November    | December    | January     |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Cash                       | 57,557,260  | 64,801,787  | 67,839,110  | 71,481,110  | 68,807,768  |
| Change from Previous Month | (1,072,696) | 7,244,527   | 3,037,323   | 3,642,000   | (2,673,342) |
| Total Assets               | 222,222,194 | 225,429,982 | 227,658,640 | 227,997,328 | 227,427,584 |
| Revenue:                   |             |             |             |             |             |
| Year to Date Fare Revenue  | 4,720,467   | 6,338,870   | 7,801,799   | 9,387,313   | 10,806,705  |
| Change from Previous Month | 1,741,912   | 1,618,403   | 1,462,929   | 1,585,514   | 1,419,392   |
| Farebox Recovery Ratio     | 28.63%      | 28.91%      | 28.73%      | 28.88%      | 28.55%      |
| Variance to Budget:        |             |             |             |             |             |
| Amount                     | 108,097     | 198,003     | 74,537      | 162,513     | 44,438      |
| Percent                    | 2.34%       | 3.07%       | 1.49%       | 1.76%       | 0.41%       |
| Expenditures:              |             |             |             |             |             |
| Year to Date               | 15,263,794  | 20,717,846  | 25,939,886  | 31,297,765  | 36,625,260  |
| Monthly Amount             | 4,429,653   | 5,454,052   | 5,222,040   | 5,357,879   | 5,327,495   |
| Variance to Budget:        |             |             |             |             |             |
| Amount                     | 2,159,306   | 2,512,954   | 3,098,614   | 3,548,435   | 4,028,640   |
| Percent                    | 12.39%      | 10.82%      | 10.67%      | 10.18%      | 9.91%       |